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The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. —James Monroe



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Battle Looming Over Food and Drug Law

Protection of Public Against Harmful Products Is Involved in Proposed Act

PROF. TUGWELL DRAFTED BILL

Advertisers and Newspapers Oppose Revision of Old Control Measures

If all of us were not so greatly concerned with the economic crisis through which we are passing and with the various recovery measures, we would no doubt be giving far more attention than we are now giving to the controversy over the amendment of the Food and Drug Act. A drastic amendment of that act has been proposed. Rexford Tugwell, close adviser to President Roosevelt and assistant secretary of agriculture, has supervised the drafting of the legislation. It has been introduced into the Senate by Senator Royal S. Copeland of New York, who is himself a physician and who was health commissioner of the state of New York before he became a senator. Hearings on the measure will begin next week. The opposing forces are lining up. Campaigns of education and of propaganda are under way. The issue is of great importance, for it involves on the one hand a protection of the people of the United States against harmful medicines, drugs, cosmetics and foods which are now being sold to them, and on the other hand the right of manufacturers of medicines, drugs and foods to sell their products. It also involves the right of the people of the nation to decide upon remedies for their ailments and to purchase the medicines or foods of their choice.

Historical Background

This is not a new issue in American politics. It attracted great attention about thirty years ago during the administration of Theodore Roosevelt. Dr. Harvey W. Wiley, who was then chief of the Bureau of Chemistry in the Department of Agriculture, made widespread charges to the effect that poisonous and adulterated foods were being sold in great quantities to the people of the country and that there was no law by which the national government could prevent the practice. He declared, also, that drugs and medicines which were highly injurious in nature were on the market and that their sale could not be prevented. The people of the nation were thus being made the victims of impure foods and of falsely advertised medicines. He held this evil to constitute a problem of serious concern to the nation. He advocated the enactment of a food and drug act which would compel the producers of these articles to tell truthfully the contents of their goods and to print the contents on the packages which they sold.

This measure was fought bitterly by food and drug manufacturers. Newspapers received a considerable part of their revenue from patent medicine advertising and in many cases they came to the support of the drug and medicine manufacturers and opposed Dr. Wiley's legislation. The physicians of the country lined up in the main with Dr. Wiley. Most of them, no

(Concluded on page 7, column 1)



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Roosevelt Appoints William C. Bullitt as First American Ambassador to U. S. S. R.

When President Roosevelt was negotiating with Maxim Litvinoff over the question of Soviet recognition, he frequently had at his elbow a shrewd, youthful-looking man who is unusually well posted on Russian affairs. It was no surprise, therefore, when recognition became a fact, that Mr. Roosevelt should appoint his adviser as first American ambassador to the Soviet government.

William C. Bullitt has had an active and somewhat tempestuous career. He was born in Philadelphia in 1891 and is the grandson of John Christian Bullitt, who wrote a charter for the city, and whose statue now stands south of the City Hall. But William, as a young man, was not satisfied to rest on his laurels as the scion of one of the first families of Philadelphia. He wanted action and lots of it. He had graduated from Yale in 1912 and had begun the study of law at Harvard. But he became disillusioned with law as a career and left Harvard to become a cub reporter on the Philadelphia *Public Ledger*. He soon showed his ability, becoming successively editorial writer, associate editor, foreign correspondent and Washington correspondent. In 1917, he gave up newspaper work to become an attaché of the State Department. President Wilson called upon him after the war to go to Paris as a member of the American peace delegation. While the peace conference was in session he was sent by President Wilson on a secret mission to Russia, in order to learn the meaning of the Russian revolution. Lincoln Steffens, and Walter Weyl of the *New Republic* accompanied him and to-

gether they interviewed Lenin. Bullitt is reported to have obtained pledges from Lenin that there would be no propaganda outside of Russia. He returned to the peace conference advocating Russian recognition. His report, however, was suppressed by President Wilson. Shortly afterward Bullitt resigned from the peace delegation charging that the peace treaty would certainly be a cause for future wars.

He remained in Europe for some months thereafter, but returned to the United States to appear before the Senate Foreign Relations Committee which was beginning its historic fight against the peace treaty. Bullitt created a sensation by revealing Secretary of War Lansing's dissatisfaction with the treaty. The testimony led directly to the break between Wilson and Lansing.

After this dramatic incident Bullitt dropped out of the public eye. He continued his visits to Russia, however, and became a close student of Russian affairs. Then last January he attracted attention again when he was observed visiting the various prime ministers of Europe. Congress took exception to this, since Bullitt, not being attached to the State Department, had no authority to negotiate with foreign governments. It was denied that Bullitt was acting in an official capacity but it seems that he was on a private scouting tour for President Roosevelt. On April 21, Bullitt was named special assistant to the secretary of state. He was active at the World Economic Conference where he is supposed to have laid the basis for recognition in private talks with Litvinoff.

Various Objectives of Fascism Outlined

System Generally Comes Into Being in Time of Acute Economic Crisis and Distress

IS SUPPORTED BY MIDDLE CLASS

Attempt to Prevent Control by Radical Groups Motive of Movement

This is the second of a series of articles on three systems of government which are competing for the mastery of the world—Democracy, Fascism and Communism. This article deals with Fascism.

It was generally accepted, at the close of the World War, that Democracy had finally become established as the ideal form of government. The great monarchies of Europe—Germany and Austria-Hungary—had been wrecked and representative forms of government erected in their place. With the single exception of the Communist revolution in Russia (which at that time was not taken seriously) Democracy had emerged from the war victorious on every front.

Rise of Fascism

But it was not long before those who had heralded the saving of the world for Democracy perceived that the victory was not so complete as had been thought. In 1922, responsive to the engaging leadership of Benito Mussolini, 50,000 fully-armed militiamen in black shirts swarmed to Rome from all parts of Italy to demand a change in the government. They had their way and Fascism, an idea of government opposed to Democracy, was introduced to the world. Eleven years later the persuasive tongue of Adolf Hitler stirred Germany to follow suit. In the intervening years, Fascist parties arose in nearly every European country. The movement has become particularly strong in Hungary, Poland, Ireland and Finland. Its influence is felt in England and even in France. Definitely, a challenge has been offered to Democracy.

What is this system of government known as Fascism? The answer cannot be given in a few words. To make ourselves clear we must attack the subject in a rather roundabout way and set forth first the conditions which give rise to Fascism.

The world for the most part (Russia again excepted), is given over to the economic system which we call capitalism. In a capitalistic society the means of production—factories, farms and property in general—are in the hands of individuals. People engage in private business for their own profit. Goods are bought and sold on an open market and the proceeds of the transactions go into the pockets of individuals. This is the underlying theory of a free capitalistic system.

It is natural in such a society that certain classes of people should be in a favored position. When the system is operating satisfactorily the producers and those who handle the selling—the so-called middle men—are the ones who stand to gain the most. Because they happen to own the means of production, or control the channels of trade, the profits logically go to them. These individuals therefore, the business men, are usually better off than the rest of the people.



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FASCIST DICTATOR HITLER

The rest of the people belong to the great class of salary or wage earners. They derive their livelihood, not by the ownership or management of property, but by working for others. Consequently, they normally receive a smaller share of the profits of an enterprise than the owners do. This makes for inequality.

Employee Classes

Opinion always differs among the salary and wage earners as to the advantages and disadvantages of such a system. Some are perfectly satisfied because they feel that, while there may be injustices, it is on the whole right that the man with ability and money enough to own a business should profit the most. Moreover, they think that they themselves stand a better chance of succeeding in a free competitive system than in any other. This class usually includes the higher paid and more skillful employees. It includes clerical workers and professional people.

Others are less satisfied but generally approving of the capitalistic system. They think they are not being fairly treated by the employers and in order to obtain greater concessions they join labor unions. They seek to force the employers to turn over to them a greater share of the profits. This class comprises the average manual worker, skilled and unskilled.

There is still a third group which is extremely dissatisfied with the theory of private ownership. The people in this class believe that those who actually do the work should be the ones to share the most in the proceeds. They hold that individuals should not be permitted to own property and to reap profits from it. Property should be owned jointly by the working classes and operated for their sole benefit. People with these ideas are grouped into Socialistic or Communistic movements, which, as we shall see next week, have as their purpose the overthrow of the capitalistic system.

Threat to Business

So long as this third class is not too strong, and so long as the second mentioned does not demand too much, the business man has little to fear. Thus, when business is good he is secure for in such times there is little unemployment and employees generally are satisfied. But it may happen that the economic system does not function so smoothly. A nation's strength may have been sapped by war or by prolonged depression. Under such conditions the working classes tend to become more and more discontented. The labor unions increase their demands and the radicals are more insistent in declaring for a change in the system. In times like these the arguments of Socialists and Communists find ready ears. There may arise a very real threat to the security of the business man.

When this happens the business man looks first to his government for

protection. He expects assistance to tide him over the economic crisis and he expects relief for the disgruntled workers. But it may occur that the government is weak, that the leaders are undecided over policies. It may concede too many things to the worker and may even seem about to collapse entirely in the face of radical onslaughts. This is what happened in Italy after the war. The government was unable to cope with post-war hardships and workers were actually seizing factories in various parts of the country and were operating them. It seemed very possible that Italy might turn to Communism. The same was true of Germany, which almost went over to Communism after the war, and later had a strong and militant Communist party.

We can appreciate the state of mind of the business men when a country reaches such a stage. They see themselves about to be deprived of their property and the government is not helping them. Accordingly, they cast about for ways to help themselves. In their efforts they are supported by the employees who favor capitalism. The clerical and professional workers, who, together with the small shop owners, constitute the so-called middle class, side with the larger business interests in the battle against the threatening workers.

This is where Fascism comes in. A movement, to be successful, must have organization and leadership. Therefore, a single strong man, or a group of strong men, comes forward and takes the leadership of these varied interests which are concerned with the defense of the capitalistic system. The government, which is dependent upon the support of the business or moneyed interests, is handed over to the new leadership which sets about to suppress the menacing labor movements. Fascism, therefore, may be defined as a movement to preserve the capitalistic system by the employment of force when other means have failed.

Fascist Methods

How do the Fascists operate? We have only to look back a few weeks to the events in Germany to see the answer. As soon as they come into power, they begin systematically to dispose of all opposition. Political parties not in sympathy with them are dissolved. Individuals are murdered, imprisoned, brutally treated and driven into exile. Labor unions are broken down and the workers are terrorized into subjection.

It is obvious that a small group even of the most determined men cannot accomplish this alone. The support of a considerable portion of the population must be secured. To obtain this the Fascists make violent appeals to the emotions. Patriotic instincts are stirred by Fascist promises to save and glorify the nation. Prejudices and hatreds are catered to by

campaigns against such elements as Jews and Communists. Even the big business interests are denounced, although the Fascists derive most of their financial support from this source, and once they are in power take no action against them. Any kind of propaganda is used to win the sympathy of the people. The Fascists believe that these tactics are perfectly legitimate. To them, the end justifies the means.

Having gained their end in defeating all opposition, the Fascists do not stop and allow things to go on as they were. They have definite ideas and principles which they then begin to put into practice. These theories have become an essential part of the doctrine of Fascism. They involve drastic changes in the individual, the government, and the economic system.

The Individual

The individual must be kept in the frame of mind which will assure his continued support of Fascism. Accordingly, he is taught that the welfare of the state is above his own welfare. He must be self-sacrificing in order that the good of all may be served. He may have to suffer privation and hardship, but to do so willingly is to be patriotic. He must never question the authority of the state nor the wisdom of the Fascist leaders. Fascism is held up as a kind of religious patriotism which permits of no heresy.

In order to convert the individual to this philosophy, the Fascists play on the patriotic feeling. They claim that their object is the glorification of the nation. They hold frequent parades and demonstrations, and have salutes and uniforms to arouse enthusiasm. They even tell the individual that war is honorable, right and conducive to character-building, if the welfare of the nation can thereby be served.

With regard to the government, the Fascists scorn everything that savors of Democracy. They rebuke the idea that the people are capable of governing themselves. In a Democracy, they say, selfish interests gain control and use the government for their own purposes. It is the opinion of Fascists that the government should remain in the hands of a few far-sighted, selfless individuals who have the welfare of the nation at heart. Strong hand and decisive action are necessary and therefore government by dictatorship is best.

The most important aspect of Fascism in operation is its ideas with reference to the nation's economic structure. These theories have been applied the most extensively in Italy, the country in which Fascism has been established the longest. The Italian Fascists declare that the economic system must be controlled and organized since business men, if left to themselves, ruin each other by unfair practices and needless competition. To provide this control, therefore, the Fascists have in



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FASCIST DICTATOR MUSSOLINI

mind the establishment of what they call the corporate state.

Corporate State

Stripped of its complexities, the corporate state is nothing more than a series of associations among employers, employees and professional persons, all under the watchful control of the government. These three classes of people belong to separate syndicates in their own districts. They pay dues to the syndicate and must accept its decisions with regard to wages, working hours and so forth. The syndicates in turn are controlled by federations into which they are grouped according to the industries with which they are concerned. And the federations, finally, are represented in seven great corporations under the control of the minister of corporations—Mussolini. It is only in the corporations that the employers and employees convene together. They are kept separated in the syndicates and federations.

This is the theory of the Fascist corporate state. It has never been put fully into practice in Italy, and it is only now that Mussolini is planning to complete the structure. However, the broad idea is that through a carefully worked out system of associations, industry can be planned and controlled. Strikes and labor agitation are not permitted. All disputes which cannot be settled by the associations are referred to special labor boards the decision of which is final. The Fascists claim that it is not their intention to oppress labor but that labor must bow to the authority of the state.

Can Fascism Work?

This, then, is Fascism in principle and practice. How has it worked? It is perhaps too early to tell, but it is apparent that the Fascists are faced with the same problems as other capitalistic nations since they make no basic changes in the system. Italy has suffered from the depression just as other nations have. Despite the efforts to plan for industry, which have not proceeded very far, the same problems of overproduction and distribution remain.

The opponents of Fascism argue that the Fascists can have no success because they are the tools of the large business interests which financed them at the start. It is charged that they deceive the middle class into believing that its interests are served, when the only thing really accomplished is that free rein is given to capitalistic monopoly.

Whether or not this is true cannot be stated conclusively. It certainly seems that Hitler is strongly influenced by large German industrialists. And there is no evidence that, after more than ten years, Mussolini has sought to curb big business interests. But it is perhaps better to reserve judgment for Fascism is as yet in its infancy.



A PARADE OF FASCIST YOUTH IN ITALY

© Ewing Galloway

Fascism, by its appeal to patriotism and by its promise of action, secures much of its support from the young people of a country.

 HE steel industry has made its first detailed report of operations under the NRA code. This report, drawn up by the American Iron and Steel Institute, shows that the steel industry has increased its payrolls more than \$9,000,000 and has taken on more than 92,000 workers since the code went into effect on August 19. The increase in wages and employees was made despite the fact that there has been a sharp decline in steel production. General Johnson is extremely pleased with the report.

The ninety-day test period for the steel code is up, but General Johnson extended this period to May 31, 1934, at the request of the American Iron and Steel Institute.

Bank Heads Quizzed

Presidents of forty of the largest banks in the United States were called before the Senate Banking and Currency Committee on November 24. The Senate committee, which is investigating stock market practices at present, called in the bankers for the purpose of learning the extent to which bank loans were used for stock speculation from 1928 to 1932. The bankers no doubt have a great deal of this information on record, since they frequently inquire as to how the money they loan is to be used. The stock market investigation is expected to result in legislation which will discourage wild speculation in stocks such as that which resulted in the 1929 crash.

Huey Under Investigation

A Senate committee has been investigating the methods of Senator Huey P. Long's political machine in Louisiana. Senator Long has been accused a great many times of graft and corruption, also of engaging ruffians to intimidate opponents in Louisiana elections.

The Senate hearing is specifically concerned with the Louisiana senatorial primary of 1932. Edwin S. Broussard, the unsuccessful candidate in the primary, charges that Huey Long won the senatorial nomination for his friend, John H. Overton, through fraudulent and corrupt means. Mr. Broussard contends that Senator Overton should be deprived of his seat in the United States Senate. The Senate committee will decide what action to take, if any, after the hearings have been concluded.

Abolish Tipping?

The system of tipping in restaurants, hotels and many other places is an established custom. It is not a custom peculiar to the United States alone; it is one followed in many nations of the world. There can be no doubt, however, that tipping is an irritation to many people. The statement is frequently made that it would be far more desirable to pay a small additional sum at a restaurant or hotel than to be obliged to leave a tip.

This issue was brought to the fore last week by Grover A. Whalen, NRA administrator of New York City. He expressed his opinion that tipping should be abolished. He suggested that a ten per cent service charge be imposed by each restaurant on its customers, with the understanding that such a charge would take the place of tipping. It is Mr. Whalen's belief that the majority of people would rather pay a fixed sum for service than be annoyed by having to make a decision on this matter every time they patronize restaurants. Furthermore, Mr. Whalen believes that workers would have more self-respect if they were paid adequate and dependable wages rather than having to depend upon tips for their livelihood, as they do under the present system.

This whole matter is being thoroughly discussed at the hearings on the restaurant code which are going on in Washington at the present time.

Sir John in Geneva

Sir John Simon, British foreign secretary, recently went to Geneva to discuss armaments. He attempted to work out some kind of a compromise between Germany and France, so that the arms discussions could begin again. But France was said to be cold to Sir John's proposal of shortening the period which Germany would have to wait to obtain greater equal-



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HUEY LONG

Following the News

ity of armaments with her neighbors. Italy, on the other hand, sided with England. This more or less isolated France and her allies regarding the arms question. The next step remained to be taken.

The decision of the British cabinet to send Sir John to Geneva was said to have been made in answer to the growing demands of the British people that their government save the disarmament conference at all costs. There is said to be a widespread feeling among Englishmen that the only hope of preventing war in the near future is for the disarmament conference to succeed. The London Times, which is England's leading newspaper, urged the government a short time ago to take immediate steps to revive the conference.

Ambassador Troyanovsky

On November 19 the Soviet government announced that Alexander Antonovich Troyanovsky had been selected as ambassador to the United States. His appointment was immediately accepted by our State Department. Mr. Troyanovsky is perhaps Russia's outstanding authority on Far East affairs. He completed a five-year ambassadorship to Japan only last January. The fact that Russia is sending an envoy so well acquainted with the Far East situation is taken by certain authorities to mean that the Soviets are anxious to have a strong case presented in favor of Russia if difficulties should arise in the Far East.

Mr. Troyanovsky also is well trained in the matter of Russia's commercial needs through his more recent service as president of the board of directors of the Soviet Trading Corporation. He is expected to be of valuable aid in strengthening the trade relations between the two countries.

Spain Holds Election

All Spain (including the women, for the first time in the country's history) went to the polls on November 19, to vote for representatives to a new Cortes, or parliament. The last one had been dissolved shortly after the resignation of Socialist Premier Manuel Azaña who had been in power since the formation of the republic in 1931. A reaction had set in to Azaña's drastic land reforms and anti-church measures and he was succeeded in office by a more conservative man. However, the Cortes remained socialist-minded and new elections became necessary to reflect the will of the people.

The results of the election are not wholly clear at this writing. There has been an evident trend toward conservatism, however, and it is likely that for some time to come Spain will be controlled by this element rather than by the ultra-liberal faction led by Azaña.

Cuban Ambassador Upheld

President Roosevelt, while spending last week in Warm Springs, Georgia, conferred for five hours with Sumner Welles, American ambassador to Cuba. Mr. Welles had

flew to Georgia in order to discuss the critical situation in Cuba, and to advise with the president as to future policy. The Grau government in Cuba has made it clear that it opposes Ambassador Welles' recent activities. He is accused of giving tacit support to those Cubans who are opposed to the Grau régime by conferring with them frequently. However, despite the Cuban government's objections to Mr. Welles, President Roosevelt decided not to change ambassadors at this time. He sent Mr. Welles to Washington to confer with State Department officials for several days and then gave him orders to return to Cuba.

French Cabinet Crisis

The French cabinet, recently formed by Albert Sarraut, was in danger of collapse last week. As before, the difficulty was

over the acute budget problem which caused the downfall of Daladier. The trouble is that the Finance Committee of the Chamber of Deputies is unwilling to accept recommendations for economies to balance the budget. Nor has it been able to agree on new taxes.

That Perennial Dispute

The controversy between England and the Irish Free State was resumed last week. The Free State was warned by J. H. Thomas, secretary for the dominions, that she may lose her membership in the British Commonwealth of Nations, if three bills now before the Irish legislature are finally enacted.

Mr. Thomas went on to say that "membership of the Commonwealth confers great advantages which, by her own action, the Free State is tending to lose—the privilege of common citizenship, economic advantages in trading with the rest of the empire and the opportunity of using a powerful instrument for international action in the cause of peace. But these privileges carry with them responsibility with respect to the crown, loyal observance of negotiations and a spirit of friendliness and co-operation with other members of the British Commonwealth."

One fact in this dispute seems fairly certain. The de Valera government in the Free State does not intend to retract the position it now occupies in relation to England. It does not intend to restore the oath of allegiance to the crown, nor does it intend to make payments to Britain on land annuities again. However, it is thought that the de Valera government will proceed more slowly in the future and will be hesitant about enacting legislation which might result in the complete separation of the Free State from the British Commonwealth of Nations.

Soviet Concessions to U. S.

Here are the outstanding concessions which were made by the Soviet government in return for United States recognition of Russia: (1) It pledges itself not to disseminate Communist propaganda in this country; (2) it agrees to permit complete freedom of worship to Americans residing in Russia and also agrees to lease, erect or maintain buildings for the purpose; (3) United States citizens are guaranteed full legal protection in Russia; (4) the Soviet government waives all claim to damages arising from the American military expedition to Siberia in 1918.

In addition to these signed agreements, the two governments exchanged views regarding methods of settling all outstanding questions of indebtedness and claims. The United States government and American citizens claim that the Soviet government owes them an amount approximating \$800,000,000 in payment for American property which was confiscated in Russia at the time of the Communist revolution and for debts owed the United States by czarist governments. However, this issue was not permitted to hold up recognition for the reason that we are carrying on diplomatic relations with other nations which have defaulted on debts owed to us. This whole matter will be handled through regular diplomatic channels, according to a statement issued by Maxim Litvinoff, shortly after recognition was granted.

What Next?

Active and anxious discussions have been under way in European capitals during the last several weeks. Ever since November 12, when Adolf Hitler received overwhelming approval of his foreign policies at the polls in Germany, the one question in Europe has been, "What next?"

No answer has been found yet and probably none will be found soon. There is talk, however, of revising the Covenant of the League of Nations, to conform, it

is said, with actual conditions. The League has obviously not worked as an instrument for settling the political differences of Europe. It is suggested, therefore, that the League be divorced of its connection with Versailles (it was a part of the peace treaty) and that its articles designed to preserve peace by force be stricken out. In this loose form, it is said, the way would be paved for the return of Japan and Germany and possibly for the admittance of the U.S.S.R. and the United States. Nothing may come of these discussions but they indicate the worried state of mind in Europe—a state of mind which is all the more disturbed by Italian hints that they are thinking of resigning from the League.

New Type of Business Man

In a recent speech at Muncie, Indiana, Secretary of Agriculture Wallace asserted that "it is exceedingly important that business men never again take as large a percentage of the national income for profits as they did in 1929." He said further that we need a new type of business man who is "willing to devote all his talents to bringing about a fair, workable relationship between the income of labor, the income of agriculture and at the same time receive for his services only a small return on capital and a modest salary. If the New Deal means anything, it means subordination of capital rights and property rights to human rights."

Modern Tories

President Roosevelt told an audience of 30,000 in Savannah, Georgia, a short time ago that we are on the way to recovery. He then made an attack upon those who are criticizing the administration because it is experimenting. He said:

It has been remarked of late by certain modern Tories that those who are today in charge of your National Government are guilty of great experimentation. And they are right. If I read my history right, the same suggestion was used when Englishmen, protesting in vain against intolerable conditions at home, founded new colonies in the American wilderness as an experiment, and when the Washingtons and Adamses and Bullocks conducted another great experiment in 1776.

Acting Treasury Head

Henry Morgenthau, Jr., who is acting secretary of the treasury during William H. Woodin's indefinite leave of absence, is in complete sympathy with President Roosevelt's financial program. In fact, while he was at Cornell he took a course under Professor George F. Warren, who is said to have been the one to win President Roosevelt over to the plan which our government is now trying—that of buying gold here and abroad as a means of raising prices in general. Mr. Morgenthau, like his former instructor, Professor Warren, is in favor of a managed currency. (For explanation of a managed currency, see AMERICAN OBSERVER, November 6.)



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HENRY MORGENTHAU, JR.

Before his appointment as head of the Treasury, Mr. Morgenthau was governor of the Farm Credit Administration. He had charge of making money available to the various farm relief agencies. During his eight months as governor of the Farm Credit Administration he lent \$425,000,000 to farmers, and he gained a splendid reputation as an administrator.

In addition to his official duties, Mr. Morgenthau operates a highly successful fruit and dairy farm in the state of New York. Also, he publishes a farming newspaper called the *American Agriculturist*.

Myers Succeeds Morgenthau

When Mr. Morgenthau took over the Treasury post, President Roosevelt appointed Dr. William I. Myers as governor of the Farm Credit Administration. Dr. Myers, who is on leave of absence from the faculty of Cornell University, had been deputy governor under Mr. Morgenthau in the Farm Credit Administration. He has had a wide range of experience in problems of farm financing and co-operative marketing. Since 1920 he has been engaged in research along those lines for Cornell, and the reports he made on the basis of his study were used as a foundation for the work of the Farm Credit Administration.



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SUMNER WELLES

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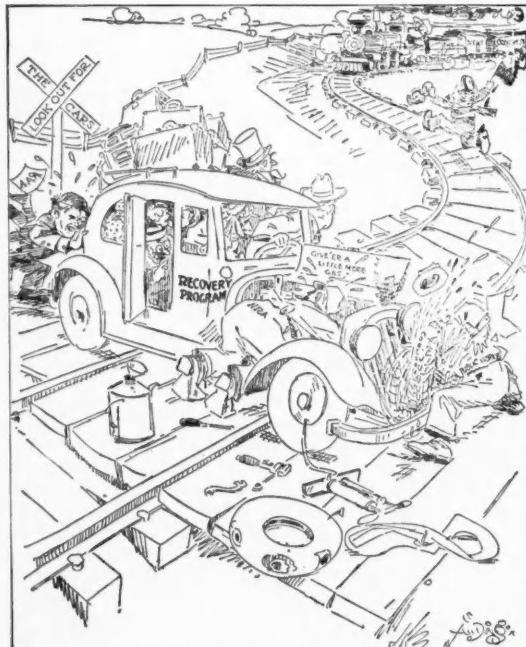
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A Great Issue

A committee of the United States Chamber of Commerce is studying the NRA and is preparing to suggest important changes. A number of the leading business men of the nation are on this committee and they are working out a plan whereby the government may loosen its hold upon industry and may turn over to trade associations themselves the enforcement of the NRA codes. A similar suggestion was made not long ago by Gerard Swope. It is becoming apparent that many business leaders are impatient of government control and of the restrictions which are being imposed upon business by the NRA. They are going to raise an issue and it promises to be one of the great issues of our generation.

For the Roosevelt administration has no intention of loosening its grip. The president and his advisers believe that when business is unrestrained, when employers are allowed without interference to fix wages and working conditions, when business is permitted to make its own rules, the public interests are not well served. It is the belief of the Roosevelt administration that the people of the country, acting through their government, should establish a genuine New Deal in American industry. It is the belief of those now in control of the American government that the government itself should take a hand in the determination of wages and hours and prices and working conditions to the end that low wages and poverty may be avoided, unemployment prevented, and unfair business practices forbidden. The administration intends to go deeply into the business of controlling and regulating the industrial life of the nation. If the president has his way, the day is past when business men may run their concerns as they see fit, primarily for private profit and with little thought of the public good.

The owners of American business will not accept a policy of that kind lying down. They are going to fight for their old rights and prerogatives. They were about ready to surrender last spring. Things looked very dark to them at that time. The business conditions seemed hopeless. Disaster seemed to lie ahead. The business leaders did not know how to save themselves. It looked as if the depression might grow worse and worse, with general bankruptcy and chaos at the end. At that time the United States Chamber of Commerce was favorable to regulation by the government. The government was called upon to do what it could to save the situation. Great business corporations wanted loans from the government. Leaders of the Chamber of Commerce entered enthusiastically into the plans which were then being made for the NRA.



HURRY, BOYS! HERE COMES OLD NUMBER SIX
—Darling in N. Y. HERALD-TRIBUNE

But now business men are somewhat more hopeful. We are not yet out of the woods, but it seems probable that we are on the way out. Many companies are enjoying increased earnings, and so the cry goes up for the government to relax its hold and give business a chance to look after itself. If business conditions improve, this demand of business men for freedom from governmental interference will increase. Then the country will face the tremendous issue as to whether the New Deal, which was generally accepted for an emergency, shall become the settled and permanent program of the government. The business interests, on the one hand, and the administration, on the other, are squaring off for a fight. It will be a battle over the proper relation of the government to business—it will be a contest for and against governmental planning for national industry. It seems doubtful whether men and women now living have ever been called upon to decide an issue so vital to themselves and to the national future as this one promises to be.

Preserving Peace

Populations frequently become stirred over a war issue, the demand for war spreads like a wave over a nation, and the country is precipitated into conflict. It less frequently happens that a population sets its face against war and by its insistence upon peace causes its government to change policies. That thing appears to have happened in England (see page three). Young men and women in great numbers have pledged themselves not to fight except in defense of their native soil. There have been public meetings and demonstrations against participation in war. The people appear to mean what they have been saying. It seems that those in charge of the government finally became convinced that if they undertook to lead the people in the direction of war they could not succeed. The government has had to take account of a public opinion aroused against policies which seemed to look in the direction of war. Hence the government has changed its program and is renewing its efforts to bring about general arms reduction in Europe.

This is a demonstration of the power of public opinion to prevent war. When serious international issues have arisen and nations are actually quarreling, it is very hard to check movements toward war. But in times of calm, when the war passions are not yet aroused, a determined drive for peace and against policies tending toward war may be effective.

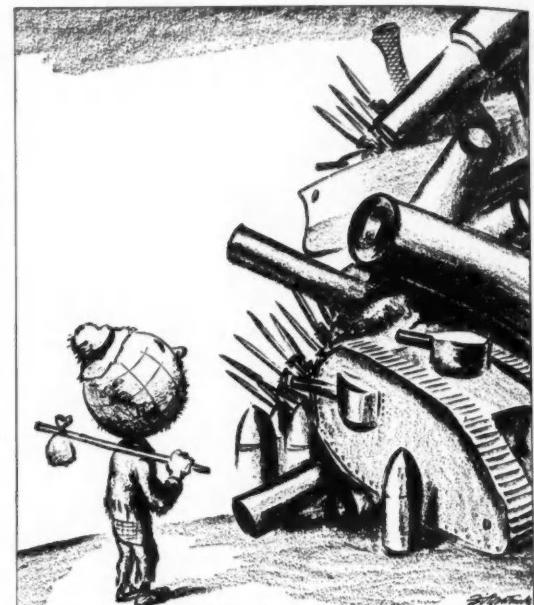
Opinion in the Making

When you read about the controversy over the amendment of the Food and Drug Act (see page one) you may be impressed with the difficulty of finding out the truth about the matter. The trouble is that those upon whom you must depend for information have their own special interests to consider, or some of them have, and when one's own personal interests are involved, it is more difficult for him to see the truth clearly. It is also less safe for the rest of us to accept his conclusions without reservation.

We find, when we look into this controversy, that drug and medicine producers and advertisers are opposed to the act. They argue that the restrictions about to be placed upon them would be unfair to them and injurious to the public. Many newspapers depending upon these drug, medicine, food and cosmetic manufacturers for advertising, say the same thing. Writers depending upon the newspapers as a market for their writings sometimes line up as the newspapers do. So we find strong interests opposed to the proposed law. They present telling arguments tending to show that the bill, if enacted into law, will prevent the manufacture and sale of good as well as bad products, that it will prevent poor people from treating themselves with cheap remedies, that it will increase the prices of foods and drugs and that it will destroy the liberties of the people.

The effectiveness of these arguments is dulled a little when we realize that the personal interests of those who make the arguments are involved. Are they really thinking about the public good, or about their private profits? Can we depend upon their judgments and their statements when they tell us of the effects of the proposed law? Must we not take their criticism with a grain of salt? It would be a mistake, of course, to ignore an argument on the ground that the person making it has a personal interest at stake. Perhaps he does have a personal interest and yet he may have a perfectly good case. Furthermore, his own interest may coincide with the public interest. It is a mistake to dismiss altogether arguments on the ground that you suspect the motives of those who make them. Each argument should stand on its merits, regardless of its source. At the same time we are obliged to look a little more closely into an argument if it is made by someone who has a personal interest at stake. We could accept the argument with much more assurance if it were made by someone who has no axe to grind. It is, therefore, a matter of prudence for one to question statements of this kind closely to see whether or not those who make them are wholly disinterested.

It happens in this case that some of those who are on the other side have their own personal interests. The



LEST WE FORGET
—Fitzpatrick in St. Louis POST-DISPATCH

makers of patent medicines are competitors of practicing physicians. The statement of a physician that a patent medicine is dangerous is, therefore, not a wholly disinterested statement. If the American Medical Association should speak out in support of this law which places severe restrictions upon the makers of patent medicines, we would have to examine the argument just as closely as we do the arguments of newspaper writers or drug manufacturers who speak from the other side.

It would be a fine thing if those who advocate causes were always wholly disinterested. But that situation does not prevail. Ordinarily those whose voices are loudest do have personal interests to consider. That is why it is so important that every citizen, in making up his mind about public questions, should take care to examine into the origins of the arguments he hears, and then that he should finally do his own thinking. It is also important that an increasing number of citizens should take the trouble to study public problems and speak out upon them. It is desirable that a larger and larger number of our people should help in the molding of opinion and that opinion should finally be molded by those who are concerned primarily with the public good.

Democracy and Freedom

Last week we discussed the principle of democracy and pointed out the connection between democracy and freedom of speech and of expression. We referred to the difficulty of obtaining freedom and tolerance even under a democratic government. There are many people who take upon their lips the name of democracy, but who shrink in the application of the democratic principle to concrete cases. They are willing that those who disagree with them but slightly should be heard. Of course, tyrants and despots will grant the same thing. The real test comes on the question as to whether views which are diametrically opposed to one's own shall be tolerated and shall be allowed to compete freely for acceptance. An issue of this kind has arisen in Columbia University. A students' club demanded that a lecture by Dr. Hans Luther, German ambassador to the United States, scheduled to be given on December 12, be cancelled. The objection declared that "inviting the Nazi envoy to lecture on the foreign policy of his government and giving him an official reception means not only failing in our duty to oppose the Nazi onslaught on culture and in our duty to defend our German colleagues, but signifies, if not open endorsement of the Nazi actions, at least placing their principles on the same level with other viewpoints."

Dr. Nicholas Murray Butler, president of the university, refuses to cancel the lecture by the German ambassador and answers the student demand in these words:

The gentleman to whom you refer is the official diplomatic representative to the government of the United States on the part of the government of a friendly people and is entitled to be received throughout our country with the greatest courtesy and respect. Whenever he is invited to be the guest of Columbia University and whenever he accepts such invitation, this gentleman will receive a welcome appropriate to his distinguished position.

Columbia University has been for more than a century and three-quarters a home and center of academic freedom. It does not ask what a man's opinions may be but only whether he is intelligent, honest and well-mannered in their presentation and discussion. There is no subject which a company of scholars such as that assembled on Morningside Heights, is not prepared to have presented to it by a man or woman of high intelligence and good manners, and to hear fully discussed and debated.

Nothing could be more unbecoming than for Columbia University to permit itself to fall a victim to the illiberal theories and practices now observable in so many parts of the world, and so sharply criticized not only throughout the United States but in other countries as well. Any cause which must rest for its support upon persecution rather than upon reason is already lost.

Different Views of New Deal Presented

Three New Books Cover Accomplishments of First Period of Roosevelt Program

THREE books, covering various aspects and representing divergent points of view of the Roosevelt policies and accomplishments, have recently been published. They are Alva Lee's "America Swings to the Left" (New York: Dodd, Mead, \$1.50); Ernest K. Lindley's "The Roosevelt Revolution" (New York: The Viking Press, \$2.50); and Earle Looker's "The American Way" (New York: John Day Company, \$2.50). The latter two were written by journalists who have followed at close range the developments of the last nine months.

It is perhaps unfair to consider these three works jointly because Mr. Lindley's book is so eminently superior to the other two that there can be no basis of comparison. This young writer, a former Rhodes scholar and at present a representative of the New York *Herald-Tribune* in Washington, views the first seven months' record of the American experiment in a wholly reliable and penetrating manner. He displays an acute understanding of the fundamentals involved in the New Deal, and combines in his work the roles of historian and political commentator or critic.

Mr. Lee's work is hardly worthy of serious consideration because it is of such an inferior quality. The author's presentation not only displays an utter lack of understanding of the complexities of present-day reality, but it is in the main illogical and even naively childish. His central thesis is that all we need to do to regain prosperity is to lower the tariff, pursue its conclusion a policy of deflation, repeal income and inheritance tax legislation, impose a general sales tax, and return to the days of absolute rugged individualism. This thesis, as set forth by more clever and clear-thinking writers, is certainly entertained by many serious-minded individuals. But in the hands of Mr. Lee it is at best a garbled and inadequate exposition of a political philosophy.

"The American Way," on the other hand, is more an appraisal of President

Roosevelt as an individual and a public figure than an evaluation of his recovery and reconstruction program with which the author is of course in complete sympathy. While undoubtedly Mr. Looker presents a great deal of valuable and interesting material on Mr. Roosevelt and on certain political developments, his work is generally uncritical and devoid of penetration.

Mr. Lindley has written by far the best book yet published on the history of what he calls the first phase of the Roosevelt revolution. It is complete in every respect. Mr. Lindley begins by outlining clearly the fundamental concepts of the president's political philosophy. He treats in some detail the critical period between the election and the inauguration, with particular emphasis upon the banking panic which came to a climax Inauguration Day. Then he analyzes one by one the various stones of the recovery edifice, not only outlining their immediate objectives but fitting them into the broader picture of a new and more stable social and economic order. The various steps in international relations are covered competently and the NRA is treated in detail in a separate chapter. Nor does Mr. Lindley overlook the personal element, for he gives striking pictures of the occupant of the White House, the members of the cabinet, the "brains trust," and other individuals who have been responsible in shaping the policies of the administration.

The publication of a book such as this is particularly timely, for it coordinates events which otherwise would remain confused in the mind of the average citizen. It is written in a fast-moving and clear-cut style so that the reader lays the book down not only with a better mental picture of where we are going as a nation, but with the satisfaction that comes through reading an interesting and stimulating book.

Since Sarajevo

"The World Since 1914" by Walter C. Langsam. New York: The Macmillan Company. \$4.00.

FEW histories of world developments since the opening of the World War excel this comprehensive and authoritative work by Professor Langsam of Columbia University. Its scope is broad, and its presentation is scholarly and clearly defined. The book is logically divided into two main sections, the first of which covers the period of the war itself, including an analysis of the five post-war treaties, and the



NOT SO MANY YEARS AGO THIS WAS A COMMON SIGHT IN NEW YORK
(Illustration from "The American Procession.")

second section is devoted to events subsequent to the reestablishment of peace. In this second edition of the book, the author has brought events down to the fall of this year, and includes such major developments as the Hitler revolution in Germany, the recovery program in the United States, the London Economic Conference, the four-power pact, and recent international developments. It is well documented and contains a lengthy and excellent bibliography which may be used as a guide by the student who would follow in a detailed manner the cross-currents of world events since the cataclysm of 1914.

History by Picture

"The American Procession" by Agnes Rogers and Frederick Lewis Allen. New York: Harpers. \$2.75.

THIS book might properly be called a pictorial history of the United States from the close of the Civil War to America's entry into the World War in 1917. The pictures have been compiled by Agnes Rogers, and a running comment has been written by Frederick Lewis Allen, author of "Only Yesterday," one of the most popular books published in 1931. Here we see Franklin D. Roosevelt at the age of thirty-one when he took up his duties in Washington as assistant secretary of the navy. There are glimpses of most of the public figures of the period which lend color to some of the memorable historical events of the post-Civil War era. Perhaps the outstanding impression one gains from this adventure into the past is the feeling of change that has overcome the nation. The rapid advances in technology are brought out by means of pictures of the horse-drawn trolley, the "horseless carriage," the old New York sky line. This book affords one an entertaining and profitable experience in reminiscence.

Government in Action

"Uncle Sam's Government at Washington" by George L. Knapp. New York: Dodd, Mead. \$2.00.

THIS book is an account of the highlights in the life of American government and its capital city. Beginning with a description of the country along the Potomac when Georgetown was chosen as the seat of the American republic, Dr. Knapp relates the story of the city, past and present. Naturally this procedure makes necessary an explanation of the branches of government, as they are now and as they have grown through the years.

Dr. Knapp spends several chapters discussing the great political figures who have participated most fully in our government. He has his favorites, such as Clay and Webster, among those he cites as leaders of the nation a hundred years ago; in present-day Washington there are Borah, Norris, Costigan, and LaFollette. By populating the marbled and frescoed halls of the great public buildings with the heroic figures of various times, the writer adds flavor to his pictures of the government at work.

FROM CURRENT MAGAZINES

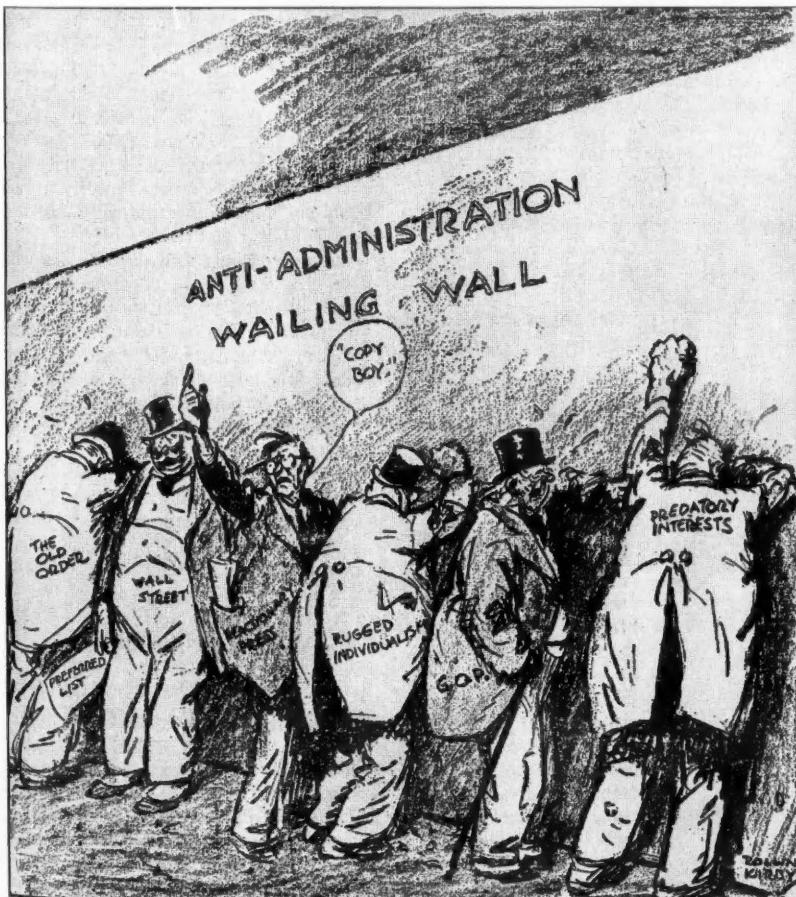
"Can We Starve Ourselves Rich?" By Mordecai Ezekiel. Today, November 11, 1933. The fundamental objective of the entire Roosevelt recovery program is to restore balance. "If certain products are being produced out of all proportion to current needs, the excess is not wealth. It is waste. It is clogging the channels of commerce. The presence of the unneeded quantities is not merely wasteful. Excessive surpluses throw the relative prices of commodities out of balance, and destroy the purchasing power of large masses of our population—the producers of raw material. Their reduction in buying power in turn reduces the outlet for other products, and so the breakdown in activity spreads through the whole social system." It is the function of the farm relief program to correct this maladjustment and bring agricultural production into balance with the present requirements.

"Ramie: King Cotton's Rival" By John John Langdon-Davies. The Forum, November, 1933. Ramie, that "species of stinging nettle which grows several feet high," has been heralded by scientists for some years as a possible substitute for cotton with the possibility of causing violent dislocations to the cotton-growing sections of the country. The writer of this article goes into various aspects of the subject and comes to the conclusion that ramie offers no serious menace to cotton in the near future.

"Patent Medicines and the Law" By Arthur J. Cramp. The American Mercury, November, 1933. With the nation's "patent medicine" bill amounting annually to more than half a billion dollars, there is an imperative need for a tightening up of the National Food and Drugs Act by which the government attempts to regulate such industries. The law, in its present form, has been generally administered effectively but it does not go far enough since many drug products, notably cosmetics, do not come under its provisions. In a number of cases these products are not only non-beneficial but are actually injurious and some of them are definitely poisonous. This issue promises to become one of major importance during the next session of Congress when debates on a new bill take place in that legislative body.

NOTICE

The Library of Congress has requested us to furnish it with copies of THE AMERICAN OBSERVER dated July 12, 26 and August 2, 9, 16 and 23. Since our files of these issues are exhausted, we should appreciate it if any of our subscribers having the listed numbers would be kind enough to forward them to us so that we may accommodate the Library of Congress.



THE ANVIL CHORUS

—Kirby in N. Y. WORLD-TELEGRAM

Botanic Garden Has New Conservatory

Government Builds Million Dollar Structure to House Rare Tropic Flora

Hard by the nation's Capitol has been reared, by a busy government, a million-dollar palace of glass, a northern dwelling place for tropical vegetation. In this very new United States Botanic Garden Conservatory are to be found some of the rarest specimens of flower, shrub and tree familiar only to southern climes.

This role of "gardener" is not a new one among the prosaic duties relating to commerce, finance, industry and the like, usually linked with the everyday schedule of the government. George Washington is credited with being one of the first to suggest the establishment of a national garden. At any rate, in 1820 Congress ordered the securing of a five-acre tract of land for this purpose. The site first selected is now occupied by the Patent Office, but the permanent site was soon acquired where it stands today—a strip of territory then little more than a swamp region at the foot of Capitol Hill.

Not much interest was manifested in the project at first. The Capitol gardener donated his services at times to help in the planting and trimming of the few specimens that then made up the garden. Therefore, when Captain Wilkes of the Navy returned from the South Seas in 1840 with 254 species of rare and beautiful plants, there was no place for them to be cared for. They were stored in the old Patent Office, and agitation immediately began for the building of a conservatory.

From the first small greenhouse built in 1856, to the million-dollar palace just completed, there has taken place a period of expansion that reveals the increasing interest in the government's collection of rare botanical specimens. It took more than 76 tons of aluminum and 87,000 cubic feet of glass to make the present structure.

The new conservatory is divided into sections, each section housing a particular family of tropical plants, and each section controlled as to temperature according to the needs of the plants.

New Jersey Law Compels Early Payment of Taxes

New Jersey has worked out a plan for inducing people to pay their taxes on income-producing property as soon as they can. Following the lead of Cook County, Illinois, this state has put into force a law under which a receiver is appointed to take over properties more than six months

in arrears on taxes, in order to collect enough revenue to meet these taxes.

The law will probably have the effect of forcing people to pay their taxes to avoid having a receiver take control of their property. Up to this time, some property owners have been paying other bills and letting taxes go unpaid inasmuch as there was no way by which they could lose their property for doing this up to two years. The law of course does not apply to private dwellings and farms from which no income is obtained.

Schools for Truant Boys Established in Chicago

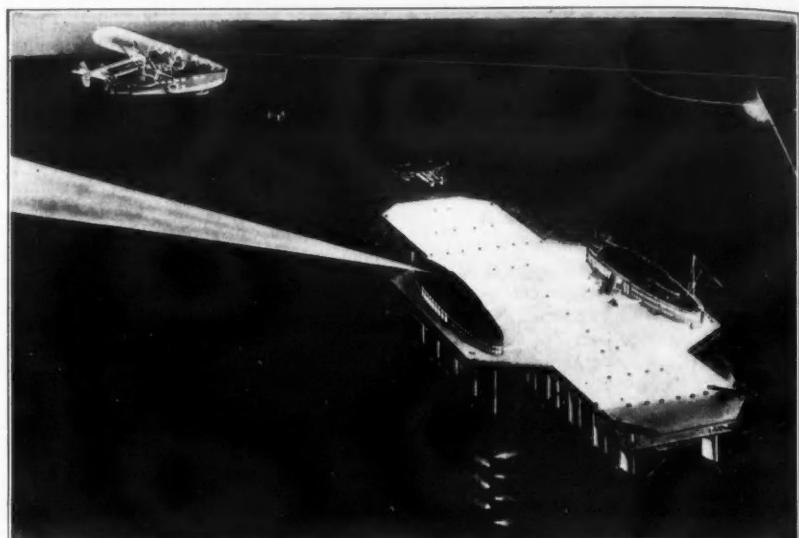
Chicago is one city that is taking its youthful truants and delinquents seriously. The groundwork for the present trouble by which this problem is being handled in the "Windy City" was laid in 1929. In that year through the generosity of an interested woman, a committee was able to make a study of the ways in which some twenty-eight cities were handling their delinquency problems. The result of the survey pointed to the desirability of establishing in Chicago a day truant school. The school was opened in September, 1929. This is the Montefiore School for Boys. A year later, the Moseley School was established also.

In remarking upon the speed with which the project was set up, Miss Isabella Dalton, assistant superintendent in charge of the special schools in Chicago, and prime mover back of the work, has remarked:

"Perhaps . . . it was because all working at it were men who as boys had yielded to the temptation to go swimming or rob apple orchards during the lazy days of spring and summer and were sympathetic with these city boys who by following like impulses had been led into trouble."

The real purpose back of these schools is to take the hundreds of large over-age boys who are retarded in their grades and unhappy in their associations with the younger and brighter children, and give them special work that emphasizes drawing and handwork and minimizes book work.

Boys are sent to these schools without court action but on the recommendation of the principal. The truant officer takes the boy to the school. During the first ten days all his time is spent in the receiving room where he is examined by the physician and psychologist. During the first day he is usually sent downstairs for a bath and a necktie. After the boy's ability has been appraised he is sent to the particular room where he seems best to fit. But no attempt is made to have this placement rigid; the boy may be placed at any time in another room if it seems advisable.



© Wide World Photos
MODEL OF THE ARMSTRONG SEADROME WHICH MAY MAKE TRANSATLANTIC FLYING SAFE AND PRACTICAL.

The objectives set up for the school are: physical and mental health, cleanliness of body, mind, and speech, courtesy, fundamentals of education. Some idea of the channels through which these objectives are striven for can be gained from the following brief enumeration of some of the equipment: junior high or pre-vocational school shops, science rooms, library, music, gymnasium, lunchroom and bathroom. Teachers are selected for their understanding of the problems involved in handling this type of boy, as well as for their training.

Boys are kept at the Montefiore and Moseley schools for one year, with transference possible at the end of the semester. They are not kept there for punishment, but for a redirection of their attitudes and abilities so that when they go back into the regular public school they will fit more normally into the work and surroundings.

Radio Broadcasts Deal With Municipal Finance

The sixth series of radio broadcasts conducted by the National Advisory Council on Radio in Education is going out on the air over a nation-wide NBC network every Tuesday evening this winter. The subject of the series is "The Crisis in Municipal Finance," a topic which concerns every citizen during the present difficult times. Experts in municipal government discuss on each broadcast a separate phase of the problem. The programs began October 3 and will continue every Tuesday evening at 7:15 Eastern Standard Time until February 6.

This series, like previous radio presentations by the National Advisory Council,

is prepared under the auspices of the Committee on Citizens' Councils of the National Municipal League. Attention to these broadcasts will give members of junior and senior citizens' councils a working basis upon which to attack the financial troubles of their communities. Complete information will be furnished upon request to the National Municipal League, 309 East 34th Street, New York City.

During the last year about 1000 persons in the United States have contracted tularemia or rabbit fever from skinning and dressing wild rabbits. It seems that about one rabbit in every hundred is infected but frequently there are epidemics in various localities.

Government Plans Ocean Air Stations

Landing Platforms Would Allow Planes to Cross Atlantic in Short Hops

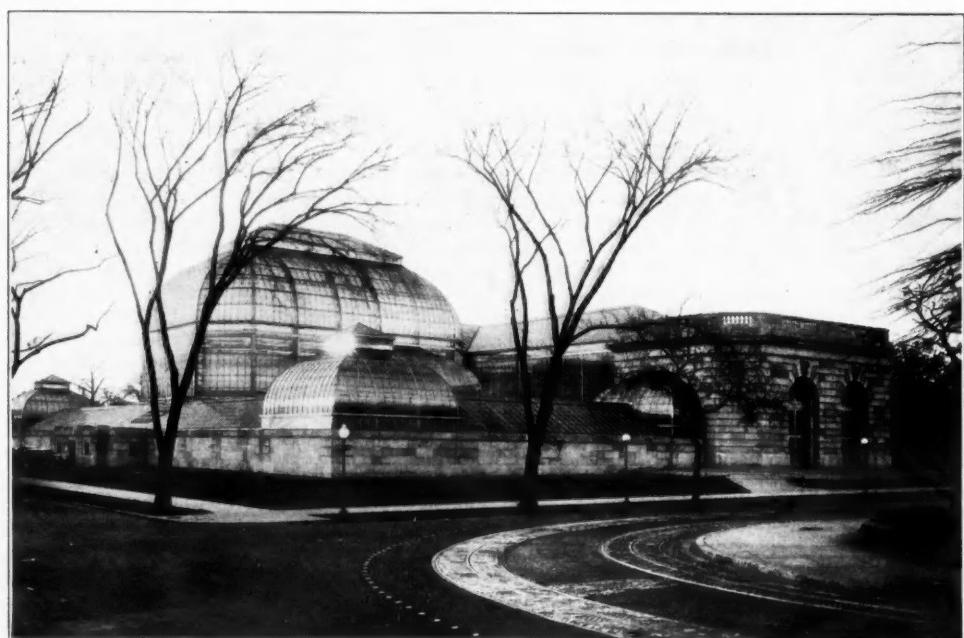
Sixteen years ago an engineer named Edward R. Armstrong was greatly impressed with the idea of placing airship landing stations in the Atlantic Ocean. He believed that if enough of these floating islands were stationed between the United States and Europe, flying between the two continents would be very safe. He thought so strongly along this line that he began experimenting with small models of floating islands. From then until now he has worked in the effort to perfect a landing station which could be built on a large scale and stationed in the Atlantic Ocean. It seems now that Mr. Armstrong's long years of effort will be rewarded. The government has decided to try out his invention. Secretary Roper of the Department of Commerce, has announced that \$1,500,000 will be used for the purpose of experimenting with floating landing fields in the Atlantic Ocean. If these experiments prove successful the government plans to build five huge seadromes, to be placed about 500 miles apart in the ocean.

If present plans are carried out, the seadromes will be around 1,200 feet in length and will vary from 150 to 300 feet in width. They will be held in place by huge anchors, weighing 1,500 tons each. They will be equipped so as not to be affected by sea waves. Powerful beacon lights and radio apparatus will assist aviators in finding the seadromes.

Secretary Roper said that studies which have been made by the Commerce Department's aviation experts show that an airway of these floating islands would assure "efficient, safe, dependable and profitable twenty-four-hour mail, passenger and express service between the principal cities of the Atlantic seaboard and Western European capitals."

However, there are some persons who believe that this plan cannot work. Clarence D. Chamberlin, the noted aviator who made a flight across the Atlantic several years ago, says that fogs and clouds would make it impossible a great deal of the time to locate the seadromes from the air. Only time, of course, will tell whether such a project can be successfully carried out. But the Commerce Department seems confident that the project is practical.

The Nazi government in Germany has ordered the confiscation of all the property belonging to Professor Albert Einstein, the famous scientist. This step was taken because of Einstein's "hostile attitude toward Nazi Germany." The learned discoverer of the relativity theory and his wife have remained in voluntary exile from Germany ever since Hitler came into power.



THE NEW U. S. BOTANICAL GARDENS IN WASHINGTON

© Harris & Ewing

Battle Looming Over Food and Drug Act

(Concluded from page 1, column 1)

doubt, opposed the indiscriminate sale of patent medicines and impure foods in the interest of public health, but some of them opposed the patent medicines on the theory that there would be more work for the doctors if, in increasing measure, the patent medicines advertised as cures for common diseases were forbidden or put in bad repute.

President Roosevelt became interested in the problem. He threw his influence behind Dr. Wiley. He dramatized the issue and secured the enactment in 1906 of the Food and Drug Act, a piece of legislation which since then has stood out as one of the achievements of his administration. It is this Food and Drug Act which President Franklin D. Roosevelt, Assistant Secretary Tugwell, Senator Copeland and others are trying to amend. And an issue comparable to that which stirred the country in 1906 seems to be in the making.

Need of Amendment

This act of 1906 did, as we have said, compel the makers of drugs and medicines to list the contents on the packages in which the products were sold. That regulation still holds. But this information is printed on the packages in scientific terms, and the ordinary purchaser pays little attention to it. If one buys a bottle of medicine and reads on the bottle a list of the contents, scientific terms which he does not understand, he has no clear understanding of the contents. The law does provide that the makers of the medicine or the drug must not make any false claim for it on the package in which it is sold, but it does not forbid the manufacturer to make these false claims elsewhere. The result is that makers of patent medicines are careful as to the claims which they make on the bottles or packages, but they are free to make the wildest claims in their general advertising. They make these claims in the newspapers, on the billboards, and on the radio. They are able in this way to befuddle the minds of a gullible public and to sell their wares with almost as little hindrance as if they were still free to make their unwarranted claims on the packages or the bottles.

Another omission in the law of 1906—the present law—is that it says nothing about cosmetics. Cosmetics were not used to as great an extent in 1906 as they are today, and the problem did not impress itself upon the makers of the law. The result is that the federal government cannot regulate the sale of cosmetics—beauty lotions and powders of all kinds. It is charged that many of these articles, very harmful in nature, are on the market. Secretary Tugwell tells of a concoction used as a dye for eyelashes which sometimes causes total blindness. He gives specific examples of women who have used the lotion with disastrous consequences. This particular lotion is but one of a great number of beautifiers of one sort or another which are very harmful and which sometimes have fatal effects but which may still be sold because the federal government has no restraining power over the manufacture or sale of cosmetics.

Still another loophole in the present law is that while it forbids the addition of poisonous substances in the preparation of foods which are to be put on the market, it does not forbid the sale of foods which are themselves poisonous without the addition of poisonous materials. Furthermore, if one sells food which is poisonous, he cannot be punished unless it can be proved that he knew of the poisonous and dangerous nature of the food.

The Proposed Law

The bill which has been prepared by Secretary Tugwell and his aides, and which is now sponsored in the Senate by Senator Copeland (it is Senate Bill 1944), up-

dertakes to close these loopholes. Here are some of its provisions:

(a) There must be printed on each package of medicine an understandable description of its nature and effects. If it is a mere palliative or reliever, but not a cure for the disease for which it is recommended, the fact that it is not a cure must be printed on the package.

(b) No false statement regarding the effects of any medicine may be made either on the package or elsewhere. No advertising of it on billboards, newspapers or radio, shall be false. If remedial effects are claimed for any drug or medicine and if as a matter of fact the drug or medicine does not have remedial effects, the makers

sold for food, for beautification or as remedies for diseases.

Just how important this measure is may be inferred from the fact that the people of the United States spend three times as much each year for patent medicines as they do for prescriptions or purchases made with the advice of physicians. Over half a billion dollars is spent each year for such medicines. If all the advertisers of medicines and drugs and tooth pastes and powders and skin lotions and antiseptics and breakfast foods are required to tell the truth when they advertise, we will hear quite a different story when we listen to the radio. There is the possibility here that a tremendous benefit may

a heavy economic interest in supporting drug manufacturers.

It is not to be supposed, however, that all opposition to the Food and Drug Act is selfish opposition. There are many persons who, though not affected economically, believe that this measure as now planned might be used as a means of stopping the sale of the good as well as the bad patent medicines. Their argument runs like this:

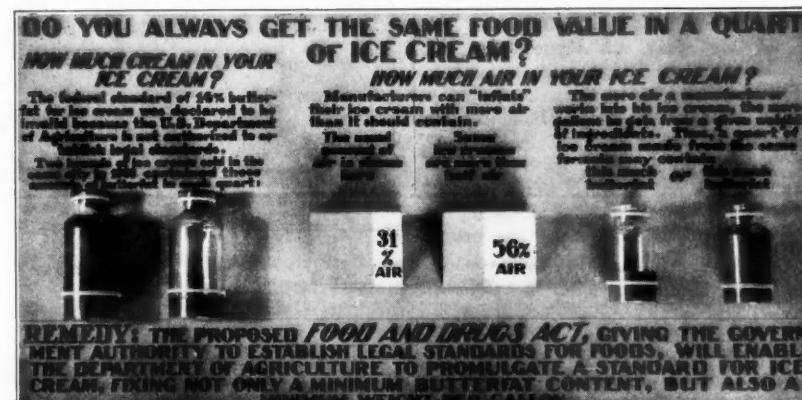
Argument Against Bill

Argument Against Bill

Care and advice by a physician is now so expensive as to be beyond the reach of poor families. The poor cannot go to the doctor for a prescription whenever there is sickness in the family. They can, however, go to drug stores and secure standard remedies, many of which are as good as the physicians hand out to their patients and which are very much cheaper. In case of serious illness dependence may not be placed upon these standard remedies, but in the case of many ordinary ailments the remedies found at the drug stores are quite effective. Those who support the law may say that the valid medicines, those which actually cure diseases, will be permitted upon the market and will be allowed to advertise themselves as cures, but there is always some doubt as to the effectiveness of a remedy, whether it is sold over the counter or administered by a physician. And if, in the case of a patent medicine, the charge is made that it is not a cure and if those in charge of the administration of the law refer the matter to doctors, these doctors may testify that the patent medicine is not a cure and its sale may be forbidden. But the doctors are not reliable judges because they have an interest in the matter. It is to their interest that patent medicines should not be sold, so that all ailing people may be obliged to consult them and so that they may have the fees. It is possible, therefore, that a law conferring such broad powers upon government officials might be used in the interests of physicians and to the detriment of standard patented remedies—to the detriment, further, of the poor people of the nation who cannot afford to go to doctors and who must depend upon these remedies.

The Opposing Forces

The proposed measure is bitterly opposed by the manufacturers of drugs and medicines. Millions of dollars are invested in their establishments. They spend millions upon millions advertising in newspapers and on the radio. The magazine *Broadcasting* reports that in July, 1933, \$789,334 was received by broadcasting companies for the sale of radio time for



—Courtesy U. S. Food and Drug Administration

(e) The sale of foods which are poisonous or harmful is forbidden and standards are set up prescribing the quantity of poisonous substances which can be contained in foods without loss of effect.

The general intention of the bill is to prevent the misbranding of foods or drugs or medicines or cosmetics to insure that those using these articles may have a fair idea by reading the labels on the packages what the effects of the articles will be, to prevent false advertising in any quarter, foods, drugs, medicines or cosmetics, and thus to protect the public against harmful consequences from the use of those patented articles which are advertised and in foods without harmful effects.

The makers of these articles advertise heavily in newspapers and magazines. They furnish a large part of the revenue of the small country newspapers. A powerful lobby is maintained and influence is brought to bear upon newspapermen to support the drug manufacturers and to oppose such restrictions as are to be imposed by the new Food and Drug Act. Those who support the measure claim that it is hard for them to get publicity in the newspapers because the papers have

advertising drugs and toilet goods alone. This was said to represent more than one fifth of the receipts for all radio advertising in the United States for that month. The makers of these articles advertise heavily in newspapers and magazines. They furnish a large part of the revenue of the small country newspapers. A powerful lobby is maintained and influence is brought to bear upon newspapermen to support the drug manufacturers and to oppose such restrictions as are to be imposed by the new Food and Drug Act. Those who support the measure claim that it is hard for them to get publicity in the newspapers because the papers have such

Many schools have been forced to shorten their terms for the last several years owing to a shortage of funds. The public schools of Kannapolis, North Carolina, however, have been saved from this hardship. Charles A. Cannon, head of Cannon Mills, the town's chief industrial concern, regularly pays school expenses for two months out of his own pocket. In this way the schools of Kannapolis remain open for eight months instead of six.



The Recovery Program Week by Week



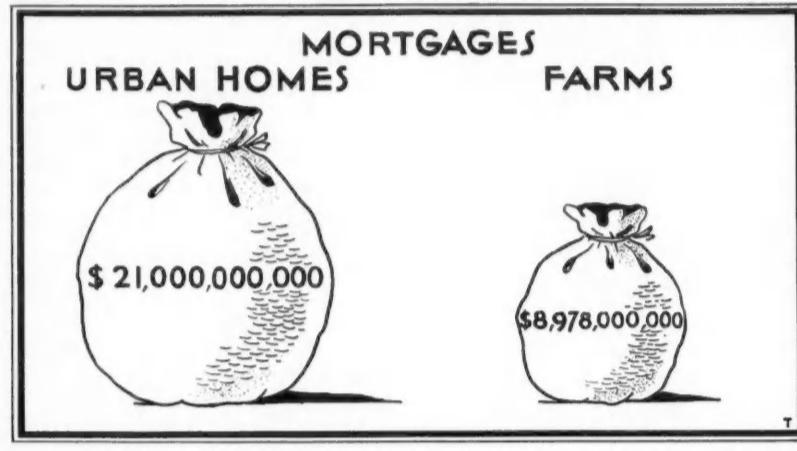
Studies of the Government in Action



THERE are twenty-one billion dollars worth of mortgages outstanding on homes in the United States, exclusive of farm property. The depressed real estate market has caused such great changes in valuation that accurate figures are not available, but the estimate generally accepted is that the twenty-one billions in mortgages cover about fifty-eight per cent

his money, wants to foreclose and sell the Reynolds home.

Mr. Reynolds now turns to the HOLC for help. He applies to the local office of the corporation for a loan. His application is approved by that office and the state and national headquarters. Then the local agent goes to the mortgage holder and offers to take the debt off his hands, giving



THE MORTGAGE INDEBTEDNESS OF URBAN AND FARM PROPERTY.

of the present total value of homes in the United States. Approximately one-fifth of the outstanding mortgages are in default on interest or principal, or both.

Laws for Home Owners

To meet this situation Congress passed the Home Owners' Loan Act. The law concerned only the homes in villages, towns, and cities, since farm mortgage relief was made available through the Farm Credit Administration. Under the act signed by the president on June 13, the Home Owners' Loan Corporation was established. Known as the HOLC, the new agency was furnished with \$200,000,000 cash by the Treasury, and was given authority to issue two billion dollars in bonds, bearing four per cent interest and payable at the end of eighteen years.

During July and August the HOLC organized its machinery, with William F. Stevenson as chairman of the board of directors. Besides the federal headquarters in Washington, the corporation maintains state offices in all the states and 257 local offices in key cities all over the country.

Let us use an imaginary case to see how the HOLC works. John Reynolds, who lives in Chicago, bought a home several years ago at a purchase price of \$10,000. He paid half the amount in cash and signed a first mortgage for the balance. Until last year Mr. Reynolds paid the seven per cent interest on the mortgage as it fell due, and in addition he paid off \$1,000 of the debt. Then his income was reduced by pay cuts, his bank closed, and for over a year he has been unable to pay more than half the interest. His taxes on the home remain unpaid; the mortgage is due, and the mortgage holder, who needs

bonds of the HOLC in exchange for it. This will assure the mortgage holder of a steady income of four per cent from the bonds, which is more than Mr. Reynolds has been able to pay him. Besides, if he foreclosed and sold the home he would not receive very much money for it at present prices. He accepts the bonds; the HOLC pays the tax bill, let us say \$200 in cash, so that the house will not be sold for taxes; finally the corporation takes a new mortgage on the Reynolds home. It will amount to the \$4,000 owed on the old mortgage, plus the \$200 for taxes and the total amount of back interest which Mr. Reynolds has been unable to pay. The interest rate of the HOLC obligation is five per cent, and it runs for fifteen years. Mr. Reynolds now has less interest to pay and has a long time in which to pay the new mortgage. If he cannot pay interest at the present time, the HOLC will pay it for as long as three years, adding the sum of the payments to the total debt.

There are many qualifications set by the law, however, which make settlement of many mortgage troubles less simple than the Reynolds case. The home owner must prove that he is about to be sold out, that his property is not worth more than \$20,000, and that it is worth twenty per cent more than the total of his mortgage, interest, and taxes due. The property in question must be occupied by the owner as a home, and he must satisfy HOLC officials that his debt will be a good risk. The plan by which the mortgage holder exchanges his claim for the

HOLC bonds may be called the eighty per cent plan, because the amount of the corporation loan is limited to eighty per cent of the present value of the home.

Usually the mortgage holder is willing to make the exchange. But he is under no obligation to do so. If he refuses, another plan may be utilized. The corporation may advance in cash as much as forty per cent of the existing debt. This method is not often used, because in almost every case of real distress the interest, principal, and taxes due amount to more than forty per cent. The man who holds the mortgage cannot be paid in full and the householder owes both the original lender and the corporation. His property right may be lessened in that case.

It is perhaps too early to judge finally the effectiveness of the HOLC, but the experience to date gives us some clues. First of all, the requirements of the law prevent quick and decisive action. The machinery of the corporation moves slowly, and many home owners still live in danger of being sold out. Critics of the HOLC claim that in addition to the faults in the law, the corporation has been run for political interests rather than for public welfare. The accuracy of this criticism was at least partially sustained when, on November 13, President Roosevelt appointed John H. Fahey as chairman of the HOLC board in place of Mr. Stevenson.

Difficulties

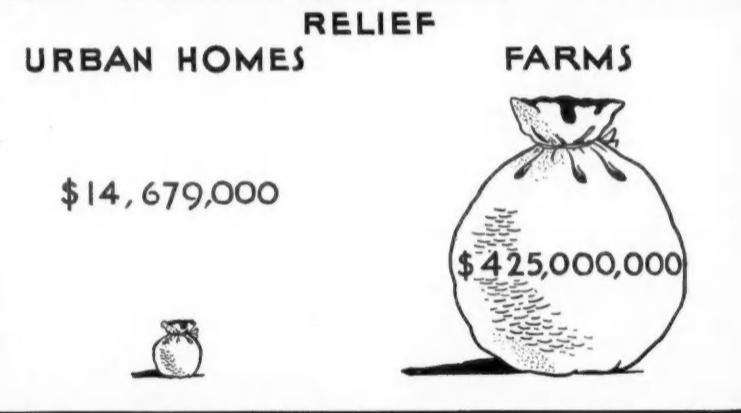
Thousands of applications have been turned down because they were ineligible under the act. If mortgage holders will not take bonds for their mortgages, little can be done to assist the home owner. The HOLC tries to get help for him from

Furthermore, there are other legal difficulties which hinder effective work by the HOLC. In many states the chief holders of mortgages—insurance companies, building and loan associations, savings banks, and private mortgage banks—are not permitted by their state laws to accept the HOLC bonds. The securities which these companies may hold are often closely restricted, in order to insure safety for their investors. Directors of the HOLC are attempting to push favorable laws through the state legislatures, so that this obstacle will not prevent relief. They have succeeded in one-third of the states, and expect further progress in coming legislative sessions.

Scope of the Task

The amount of work which the HOLC must do is indicated by the number of cases handled so far. Total applications for loans in less than five months number more than 600,000. Mr. Fahey declares that twenty-five per cent of these are in no real need of relief. In its latest report, for the week ending November 3, the corporation states that 106,412 applications have been tentatively approved since the beginning of operations; these approved cases are subject to further close examination before loans may be made; loans paid out to date total 4,963, with a dollar volume of \$14,679,183.

In contrast to the HOLC is the Farm Credit Administration. Farm mortgages amount to nine billion dollars, as compared to twenty-one billion on urban homes. The Farm Credit Administration, organized at the same time as the HOLC, has paid out in loans \$425,000,000. Apparently the farmers have enjoyed more effective



WORK OF THE HOLC COMPARED WITH THE FARM CREDIT ADMINISTRATION.

private sources, if its own efforts fail, and in many instances the debt has been refinanced in that way. But sometimes it cannot be done; the mortgage holder may foreclose. This is still happening.

relief, even though the total of their mortgages is much less than those of city-dwellers. However, the HOLC is lending sixty per cent more money now than in September and October; some of its legal obstructions are being cleared away; and expert opinion in Washington holds that Mr. Fahey will produce an efficient administration of the business.

Something to Think About

1. Do you think there is need for an amendment of the Food and Drug Act?
2. What advertisements of foods, medicines or cosmetics, over radio or in newspapers, impress you as probably false?
3. Do you think that the proposed law would probably work an injury to good products or to their users?
4. How, if at all, will the editorial "Opinion in the Making" help you in the forming of your opinions?
5. What classes of the population would be most likely to look with favor upon Fascism?
6. What do you consider the strong and the weak features of Fascism?
7. How do the Italian and the German systems resemble each other?
8. Does the statement of Dr. Butler quoted in the editorial, "Democracy and Freedom," indicate that he is in sympathy with the Nazis?
9. Do you approve his stand?
10. When Dr. Butler speaks of "the illiberal theories and practices now observable in so many parts of the world," what do you think he refers to?
11. What justification is there for the suggestion contained in the last sentence of the editorial, "A Great Issue," that the issue described is perhaps the greatest of this generation?

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PRONUNCIATIONS:

Morgenthau (mor'gen-tou—g as in get, ou as in out); de Valera (da va-lay'r'a—a as in about); Mather (math'er—a as in hat, th as in then); Fascism (fash'ism—a as in fashion); Antonovich Troyanovsky (an-to'no-vich—a as in and, o as in go, i as in hit; troy-a-noff'skee—o as in on).